



"Section 9006" Grant Program: *\$9006 Energy Efficiency Improvements*

The §9006 program provides grants (& guaranteed loans) to rural small businesses & agricultural producers to make energy efficiency improvements to their facilities. *Renewable energy generation projects (which are discussed in a separate information sheet) are also eligible for assistance under this program.*

Funds available

In FY2006, **over \$11.3 million** of §9006 grants will be awarded via a nationwide competition.

Grant size: **\$250,000 maximum** (\$1,500 minimum) per project, not to exceed 25% of the project cost.

\$9006 grant applications must be submitted to USDA by May 12, 2006. *Exception:* Projects using both §9006 grant & §9006 guaranteed loan funds are considered in monthly competitions.

Eligible applicants

Small businesses (as defined by SBA – see <http://www.sba.gov/size/summary-what-is.html>) that are located in rural areas (i.e., outside metropolitan statistical areas).

Agricultural producers – individuals or legal entities which receive at least 50% of their gross income from agriculture. (The permitted amount of agricultural income is not limited by SBA small business standards.)

Preference is given to "very small businesses" – those with <15 employees & <\$1 million in annual receipts.

The small business or agricultural producer must have a demonstrable financial need for the grant assistance.

Majority ownership must be held by US citizens or permanent residents.

Utilities are typically excluded unless they provide service to rural consumers on a cost-of-service basis without support from public funds or subsidy from the Government authority establishing the district. Utilities must also be independent of government control.

Nonprofits & public bodies are not eligible.

Eligible purposes

Purchase and installation **in a rural location** of non-residential energy efficiency improvements to a facility, building or process resulting in reduced energy consumption or reduced energy required per unit of production.

Preference is given for technology that is "**commercially available**" – i.e., that has a proven operating history and has an established design, installation, & service industry. *Pre-commercial technologies* – i.e., those that have emerged through the R&D process and have commercial potential – may also qualify. Experimental or R&D projects are not eligible.

The applicant must own & control the system, though a qualified third-party may be engaged to operate it.

Authorized uses

- Energy-efficient furnishing, fixtures, machinery & equipment – purchase & installation (costs incurred *after* applying). Vehicles & used equipment (unless remanufactured) are ineligible.
- Energy-efficient real estate improvements – materials & construction (costs incurred *after* applying)
 - » Retrofitting
 - » New facilities of the same size & purpose exactly replacing existing inefficient facilities. In this case, the energy efficiency project is limited to costs directly attributed to energy efficiency improvements over standard design & supported in an energy audit.
- Energy audits or assessments, permits, professional fees, feasibility studies, & business plans.

Additional application & program requirements

Simplified application is available for straightforward projects needing ≤\$50,000 grant & ≤\$200,000 total cost.

Matching funds – 75% of the project cost must come from non-Federal funds. “In-kind” contributions from third parties of up to 10% of the project cost may be counted toward the match. “In-kind” contributions from the applicant receive no credit toward the match.

Energy audit – a report by an independent, qualified party is required with the application. (Applications for <\$50,000 may be exempt from this requirement.) The audit must address current energy use, recommended improvements & costs, energy savings from the improvements, dollars saved per year, and weighted-average payback in years.

Priority Point System

9006 applications are competitively chosen for funding based on the following weighted selection criteria:

Max Points	Grant selection criteria
15	Energy saved
10	Environmental benefits – health & safety standards exceeded or environmental goals achieved
10	Commercial availability of the system
10% of 35pts	Technical merit score – qualifications of the project team
5% of 35pts	Technical merit score – agreements & permits
10% of 35pts	Technical merit score – energy or resource assessment
30% of 35pts	Technical merit score – design & engineering
5% of 35pts	Technical merit score – project development schedule
20% of 35pts	Technical merit score – financial feasibility
5% of 35pts	Technical merit score – equipment procurement
5% of 35pts	Technical merit score – equipment installation
5% of 35pts	Technical merit score – operations & maintenance
5% of 35pts	Technical merit score – decommissioning
15	Readiness (commitment of matching funds)
10	“Smallness” of the applicant (based on annual gross revenue)
5	Small project (≤\$50,000 grant; ≤\$200,000 project) using simplified application
5	Not a previous 9006 recipient
5	Time requirement for project to repay cost of investment

Shaded points are awarded by independent technical review committees; other points awarded by USDA.

Helpful Section 9006 links

§9006 program regulations. The program is governed by RD Instruction 4280-B which is on-line at:

<http://www.rurdev.usda.gov/regs/regs/pdf/4280b.pdf>

Additional §9006 information is on-line at: <http://www.rurdev.usda.gov/rbs/farmbill/index.html>

For more information, contact:

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